BITCOIN CRYPTOCURRENCY

WHAT IS BITCOIN?

To understand Bitcoin, you'll need to re-imagine traditional currency. Bitcoin is unlike our Loonies and Toonies. Instead, it's a global digital payment system not too different than most credit cards.

The difference is that Bitcoin secures transactions using a network of decentralized personal computers whereas the others require their own processing hardware and or software. The key is that Bitcoin has no single controller like the Federal Reserve, but is collectively controlled by Bitcoin owners.

HOW DOES BITCOIN WORK?

Bitcoin works like any other digital transaction: Users have a balance in their digital wallet. To use the Bitcoin balance, users simply send a payment to another Bitcoin address. The address can belong to a retailer, or another Bitcoin user. The transaction is processed by the Bitcoin network through a process called "mining."

The mining process looks to first and foremost verify that the sender has the appropriate funds and the receiver gets the exact payment.

In other words, mining is near instantaneous and is a method that helps reduce fraud and double spending. For more on the Bitcoin process, please see diagram on the next page.

Bitcoin excels in the freedom it offers users and the ease of use. Where as credit cards or other online payment processors will require personal information, all Bitcoin requires is a wallet address. Additionally, there are no fees to use Bitcoin whereas credit cards will take a percentage or flat rate on every transaction for providing the service.

ADOPTION

Bitcoin adoption is slowly creeping closer to the Early Majority phase. Currently the Bitcoin market capitalization is sitting at $7.4 Billion dollars (USD) and is only expected to grow as more retailers and service providers accept it as a form of payment.

INNOVATORS   EARLY ADOPTERS   EARLY MAJORITY   LATE MAJORITY   LAGGARDS

Tuesday, August 26, 14
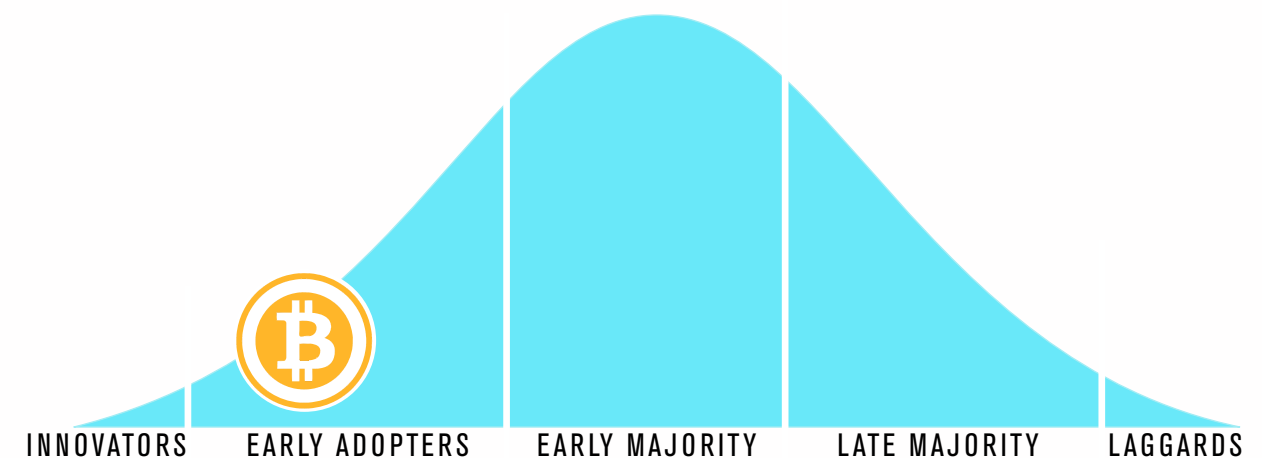
HOW BITCOIN WORKS

Noel owes Howard money for lunch. He doesn't have anycash, but he does have Bitcoin
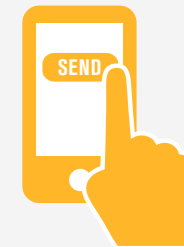
In order to send money, Noel and Howard open their Bitcoin app

Noel scans Howard's public key. The key is a unique code that functions like a bank account number

Noel sends Howard the equivalent of $20 CND in Bitcoin (0.04 BTC)

This transaction is then broadcasted to the network of miners who verify Noel's funds

Transaction is completed by the network

Howard receives the funds and can spend or exchange it for Canadian dollars

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